

## Message Text

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PAGE 01 CARACA 03869 022256Z

61

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

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SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /145 W

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R 022101Z MAY 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3618

INFO AMEMBASSY SAN JOSE

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E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: ENERGY MEETING WITH HEAD OF STATE OIL COMPANY

1. IN MEETING MAY 2 WITH AMBASSADOR AND PETROLEUM ATTACHE, NEW CVP DIRECTOR GENERAL CARLOS CARNEVALI DISCUSSED A NUMBER OF CURRENT TOPICS INCLUDING STATUS OF REFINERY PROJECTS HERE AND ABROAD, STATUS OF LNG PROJECT, AND PROSPECTS FOR DEVELOPMENT OF ORINOCO BELT.

2. ON REFINERIES, CARNEVALI CONFIRMED IMPRESSION THAT EMBASSY HAD FROM OFFICERS OF MINISTRY OF MINES AND HYDROCARBONS THAT TWO REFINERY PROJECTS "ANNOUNCED" BY MINISTER--ONE ON LAKE MARACAIBO IN CONJUNCTION WITH JAPANESE INTERESTS AND ONE AT PUERTO ORDAZ IN CONJUNCTION WITH INTERNATIONAL OIL COMPANIES OPERATING IN EASTERN VENEZUELA--ARE MERELY PROPOSALS THAT ARE UNDER STUDY. HE SAID THAT CVP'S OWN PROPOSAL, WHICH DATES BACK SEVERAL YEARS, FOR REFINERY IN PUERTO LA CRUZ IS ALSO UNDER STUDY. HE SAID PROBLEM IS THAT CVP DOES NOT HAVE ENOUGH OIL TO FEED SUCH A REFINERY. HENCE PUERTO ORDAZ PROJECT, WHICH WOULD RECEIVE OIL FROM PARTICIPATING PRIVATE OIL COMPANIES IN EASTERN VENEZUELA MAY BE AN ALTERNATIVE, IF IT EVER GETS OFF GROUND, BUT CARNEVALI DID NOT SPECIFICALLY SAY SO.

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PAGE 02 CARACA 03869 022256Z

ASKED ABOUT POSSIBLE CVP PARTICIPATION IN A REFINERY IN COSTA RICA,

CARNEVALI SAID THAT CVP HAD RECEIVED NO INSTRUCTIONS FROM GOVERNMENT ON THIS PROJECT. HE ADDED THAT TALKS ARE GOING ON AT GOVERNMENT-TO-GOVERNMENT LEVEL AND HE THOUGHT THERE WAS A " POSSIBILITY" THAT VENEZUELA WOULD INVEST IN SUCH A PROJECT.

3. RE LNG, CARNEVALI SAID PLANNING IS GOING AHEAD AT TECHNICAL LEVEL ON LNG PLANT FOR WESTERN VENEZUELA AND ON ASSOCIATED LNG TANKERS. HOWEVER, HE GAVE SAME IMPRESSION AS MINISTER HERNANDEZ, THAT DECISION AT POLITICAL LEVEL TO GO AHEAD ON THIS PROJECT IS UNLIKELY. CARNEVALI CITED POSSIBILITY THAT WITH PLANNED OTHER USES THERE MAY NOT BE ENOUGH

GAS THAT COULD BE DEDICATED TO LNG PROJECT TO MEET 20-YEAR GUARANTEE OF SUPPLY. ALSO, HE SAID WITH GAS HAVING SO MANY VALUABLE OTHER USES THESE DAYS IT MAY NOT BE DESIRABLE TO EXPORT IT FOR USE AS FUEL.

4. RE ORINOCO BELT, CARNEVALI DID NOT OFFER ANY NEW INSIGHTS. HE DISCUSSED AREA IN GENERAL WAY AND INDICATED THAT VENEZUELA'S MAIN INTERESTS WITH RESPECT TAR BELT ARE TO DETERMINE, THROUGH PROGRAM OF TEST DRILLING AND SEISMOGRAPHIC STUDIES, EXTENT AND TYPE OF RESERVES THERE, AND TO INVESTIGATE BEST MEANS OF PRODUCING AND UPGRADING OIL. HE SAID, HOWEVER, THAT CVP HAS BEEN ENCOURAGED BY RESULTS SO FAR OF TEST WELL PROGRAM WHICH SHOW SOME LIGHT OIL IN ADDITION TO EXPECTED LARGE DEPOSITS OF VERY HEAVY OIL.

5. WE WERE INTERESTED THAT NEW DIRECTOR GENERAL OF CVP SPOKE IN A VERY RELAXED MANNER OF CONTINUING COOPERATION WITH U.S. PETROLEUM COMPANIES IN VENEZUELA. HE CITED SPECIFICALLY PHILLIPS OIL EXPERIMENTS IN DILUENT EXTRACTION OF TAR BELT DEPOSITS. IN FACT, CARNEVALI EVEN USED THREE TIMES THE HITHERTO UNSPOKEN WORD "CONCESSIONS." MCCLINTOCK

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**TAGS:** ENRG, VE, US, STATE OIL COMPANY, (CARNEVALI, CARLOS)  
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